



County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 20, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE

Special Sessions Update

Health Care Reform Special Session

Nine bills have been introduced in the special session to address health care reform. Two bills by Senator Perata (**SBX 1** and **SBX 2**) and two by Assembly Member Nuñez, (**ABX 1** and **ABX 2**) are spot bills, or placeholders, which currently state Legislative intent to enact comprehensive health care reform. **ABX 3 (Dymally)** is another spot bill that declares the intent of the Legislature to enact health care reform legislation that ensures coverage for all individuals regardless of medical history, which may include reform of the private individual health insurance market and full funding of the Major Risk Medical Insurance Program.

ABX 4, ABX 5, ABX 6, and ABX 7 have been introduced by Assembly Member Nakanishi, a member of the Assembly Republican Working Group on Health Care which was established to craft the Republican proposals for introduction in the special session. These bills also appear to be spot bills which will address: 1) health savings accounts; 2) tax credits for insurance expenditures; 3) educational scholarship and loan programs for physician assistants; and 4) eligibility for the California Major Risk Medical Insurance Program.

The attached article that appeared in The Sacramento Bee on Thursday, September 20, 2007 provides information in a question and answer format to address some of the key issues surrounding the Health Care Reform Special Session (Attachment I).

Water Supply Special Session

Four bills have been introduced in the special session to address water supply reliability. **SB 2X 1 (Perata, Machado and Steinberg)** appropriates a total of \$611 million in bond funding from Proposition 1E (2006), Proposition 84 (2006) and Proposition 50 (2002) to the Department of Water Resources (DWR) for a variety of water-related projects, particularly related to the Sacramento-San Joaquin Delta. **SB 2X 2 (Perata, Machado and Steinberg)** would enact the Water Supply Reliability Bond Act of 2008 which, if approved by the voters, would authorize the issuance of \$5.8 billion in bonds for water supply reliability and environmental restoration. **SB 2X 3 (Cogdill and Ackerman)**, which is the Governor's proposal, would also enact the Water Supply Reliability Bond Act of 2008 at a bond issuance level of \$9.1 billion. The major difference in the amounts of the two measures is the inclusion of \$5.6 billion for water storage development projects in the Governor's version (**SB 2X 3**). Attachment II provides a comparison of the allocations associated with the two Water Supply Reliability Bond measures (**SB2X 2** and **SB2X 3**).

Similar to SB 2X 1, **SB 2X 4 (Cogdill and Villines)** appropriates a total of \$553 million in bond funding from Proposition 1E (2006), Proposition 84 (2006), and Proposition 50 (2002) to the Department of Water Resources (DWR) for a variety of water projects, particularly related to the Sacramento-San Joaquin Delta. The Department of Public Works is currently reviewing all of these Special Session bills to determine their impact on the County.

Pursuit of County Position on Legislation

SB 2X 1 (Perata, Machado and Steinberg), as introduced on September 14, 2007 in the second extraordinary session, would appropriate a total of \$611 million in bond funding from voter-approved Proposition 1E (2006), Proposition 84 (2006) and Proposition 13 (2000) to the Department of Water Resources (DWR) and State Department of Public Health for a variety of water-related projects. The bill is identical to County-supported SB 1002 (Perata), which was included in our September 19, 2007 Sacramento Update.

Of particular interest to the Department of Public Works (DPW) is the provision in SB 2X 1 which allocates \$150 million of Proposition 1E funds to DWR for grants for stormwater flood management projects that reduce flood damage and provide other benefits, including groundwater recharge, water quality improvement, and ecosystem restoration. This section requires at least \$100 million to be available for projects that address immediate public health and safety needs and strengthen existing flood control facilities to address seismic safety issues. DPW indicates that one such project that could benefit from the proposed \$100 million allocation is the County's Big Tujunga

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Dam Rehabilitation Project, for which DPW is seeking approximately \$44.25 million in Proposition 1E funds.

Support for SB 2X 1 is consistent with support for SB 1002 (Perata), an identical bill; and existing policy to: 1) support proposals which promote environmentally-friendly flood control improvements and projects, and do not diminish the performance of flood control systems, and 2) support legislation to encourage water conservation and increase the efficiency of water use. **Therefore, our Sacramento advocates will support SB 2X 1.** Support and opposition to SB 2X 1 is unknown at this time. This measure is currently at the Senate Desk.

We will continue to keep you advised.

WTF:GK
MAL:IGA:acn

Attachments

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants

ABCs of health care debate

Democrats, Republicans, governor offer contrasting remedies

By Aurelio Rojas - Bee Capitol Bureau

State lawmakers are engaged in special sessions to discuss water and health issues. Here's a primer on the health care debate.

Q: Why is the Legislature holding a special session on health care issues?

A: Gov. Arnold Schwarzenegger called the special session after he was unable to reach agreement with legislative leaders on a plan to reduce the number of Californians without health insurance, now estimated at 6.7 million. The Republican governor and Democratic lawmakers blamed the 52-day state budget impasse for their failure to reach a compromise during the regular session. But serious differences remain about how to pay for health care expansion. Republican lawmakers oppose any fee increases and are calling for an incremental approach rather than the sweeping changes proposed by the governor and the Democrats.

Q: How does the special session work?

A: The special session will work much like state budget negotiations. The governor has been meeting privately with the two Democratic leaders -- Assembly Speaker Fabian Núñez and Senate President Pro Tem Don Perata -- and Assembly Republican leader Mike Villines and Senate Republican leader Dick Ackerman. The chairmen of the Assembly and Senate health committees and administration health care officials and staff members in the Legislature are also lending their input.

Even without the support of any Republican lawmakers, the Democratic-dominated Legislature could pass a health care bill on a simple-majority vote. But without a two-thirds vote in the Legislature, voters would have to approve tax or fee increases to fund any proposal. Schwarzenegger and Democrats say voters will ultimately make the decision. Signatures would have to be collected to qualify a ballot initiative, with the November 2008 general election the likely target.

The special session designation allows the suspension of some legislative rules and allows measures approved with a majority vote to take effect 90 days after the session closes.

Q: What are Republicans proposing?

A: Republican lawmakers say the state should encourage market-based solutions instead of dramatically expanding the role of government in health care. Among their proposals is creating state health savings accounts, which the federal government has done. Republicans also want to encourage expansion of neighborhood clinics, which provide lower-cost care than hospitals

and doctors. They also want to expand the state program of guaranteeing coverage for people with pre-existing medical conditions.

Q: What is the Democratic proposal?

A: Democrats would require employers to spend 7.5 percent of their payroll on health care and insurers to cover people with pre-existing conditions. Insurers would also be required to spend at least 85 percent of premiums on medical care. Their proposal would cover two-thirds of the people in the state without insurance, including all 800,000 children. The cost of employee contributions to insurance premiums would be capped at 5 percent of income.

Lurking in the background is a bill by Sen. Sheila Kuehl, D-Santa Monica, that would create a health care system run by the government and financed by employers and individuals. Kuehl's plan would cover all Californians and do away with the role of private insurance companies. Her legislation is similar to the one vetoed last year by Schwarzenegger, who favors more involvement by private markets.

Separately, the California Restaurant Association, which opposes both the governor's and Democratic proposals, has proposed a ballot initiative that would create a 1-cent sales tax to fund health care reform.

Q: What is the governor proposing?

A: The governor's \$12 billion-a-year universal health care proposal aims to spread the financial burden among employers, hospitals and doctors. Many small businesses oppose the requirement that employers spend 4 percent of payroll on health care. Hospitals have agreed to Schwarzenegger's proposal to contribute 4 percent of their revenues. But doctors have adamantly opposed his proposal that they chip in 2 percent of their revenues. Schwarzenegger would also require individuals to contribute to their health care, with the state subsidizing the poor.

Q: Isn't it the federal government's job to provide health care? What is it doing and how will that affect the state's efforts?

A: The federal government provides matching funds for money spent by states on health care -- and the proposals under consideration in California call for maximizing those funds. But federal efforts to reduce the number of Americans without insurance have been stymied since a universal health care proposal championed by President Clinton and his wife, Hillary, was resoundingly defeated 13 years ago. This week, Hillary Clinton, now a candidate for the Democratic presidential nomination, unveiled another health care plan. It would require every American to have health insurance, offer generous subsidies to help pay for the policies and seek to tamp down on rising medical costs. Republican presidential contender Mitt Romney, who as governor of Massachusetts signed a universal health care bill that served as a model for Schwarzenegger's proposal, dismissed Clinton's proposal as "European-style socialized medicine."

Water Supply Special Session

Comparison of SB 2X 2 and SB 2X 3 – Proposed Water Supply Reliability Bond Measures

Bill Description	SB 2X 2 – Water Supply Reliability Bond Act of 2008	SB 2X 3 – Water Supply Reliability Bond Act of 2008
Author(s)	Perata, Machado, and Steinberg	Cogdill and Ackerman
Total Value	\$5.8 billion	\$9.1 billion
Administration	Not more than 5%	Not more than 5%
Delta Sustainability	\$2.4 billion (\$1B disaster preparedness/ levees, water quality, waterflow, transportation; \$1.4B Bay Delta Conservation Plan, ecosystem, and greenhouse gas reduction).	\$1.9 billion (\$500M disaster preparedness/ levees, water quality, waterflow, transportation; \$1.4B Bay Delta Conservation Plan, ecosystem, and greenhouse gas reduction).
Water Supply Reliability	\$2 billion for competitive grants (\$369M for the Los Angeles subregion for eligible projects consistent with an adopted integrated regional water management plan).	\$1 billion for competitive grants (\$155.5M for the Los Angeles-Ventura subregion for eligible projects consistent with an adopted integrated regional water management plan).
Resource Stewardship and Environmental Restoration	\$1 billion for expenses and grants for ecosystem restoration, urban watershed, and stormwater management (includes Los Angeles River Watershed).	\$585 million - \$500M for expenses and grants for ecosystem restoration, urban watershed, and stormwater management (includes Los Angeles River Watershed); \$85M for Department of Fish and Game – Delta ecosystem and protect water supply.
Groundwater Protection	\$400 million for expenditures, grants, and loans for projects to prevent or reduce the contamination of groundwater that serves as drinking water.	
Water Storage Development Projects		\$5.6 billion (\$5.1B for design, acquisition, and construction of surface water projects in the following counties: 1-Colusa/Glenn, 2-Fresno/Madera, and 3-Contra Costa; \$500M grants and expenditures for local surface water storage projects – not less than 20% for South Coast/Colorado River regions).